

Too much debt!! What do I do now?

HOW TO GET OUT OF THIS MESS?

If your debt payments are 15% or more of total take-home pay you are in serious trouble.
You got yourself into this problem – only you can get yourself out.

1. ANALYZE:

... **ONLY YOU CAN DO IT!**

1. Make a spreadsheet of your total debt. Long term and short. [a] Institution owed. [b] \$ owed. [c] Next to each debt, in a third column, record required monthly payments. [d] In a fourth column the interest rate charged. Now you have the facts - the Big Picture – from which you can take command of your situation.
2. Logbook: Track all expenditures for a month - whatever you spend - cash, check and credit card.
3. Divide these expenditures into two parts: **essentials** (electricity, telephone, gas, food, transportation to work etc.); and **casual spending**.
4. Examine your casual spending, and determine where you can reduce or eliminate frivolous or excessive spending. From this column will come the money to pay off your debts.
5. **ACTION;** Pay off the debt with the *highest interest rate* first. Obviously.
6. Make each payment on time – late fees are killers for you (but bankers love the extra cash!).
7. All of the above is important **only** if you acknowledge your responsibility for your predicament, and have the *personal resolve* to pay what you owe and change your ways.

2. REDUCE SPENDING

... **ONLY YOU CAN**

1. Cut up all credit cards. Switch to a **debit card**. Each day carry only a small amount of budgeted cash in your wallet. This eliminates temptation to spend.
2. Don't believe the advertisements on TV, magazines, newspapers. You don't need TARGET to make you happy!
3. Change your life style. You are more than a consumer in life – to a manufacturer or retailer you are only a consumer and a statistic. Put your buying compulsions in perspective. Cultivate values that make you a stronger person, that don't require buying things to satisfy your sense of self-esteem.
4. Each night empty pocket coins into a savings jar. Every three months empty and pay debts.
5. Cut out snack foods (= junk foods). Eat an apple (a day) as a sub.
Food costs high? – Pack your lunch for work.
6. High rental costs? – Move to a cheaper apartment.
7. Be creative – establish your own discipline and rules (allowing for the rare splurge).

3. INCREASE INCOME

... **ONLY YOU**

1. Get a second job. This has two advantages: [a] The extra income you direct toward debt reduction. [b] Time spent earning extra money is not spent in idle shopping – temptation reduced!
2. Educate yourself for a higher paying job through enrollment in a school. Your future job advancement and income is with improving your job skills and natural talents.
3. Put your best effort into your present job! You will be recognized as valuable (= more pay).

4. ALTERNATIVES

... **ONLY YOU CAN DO IT!**

1. Use a Debt Counseling Service. This is very costly, and is for those who lack personal discipline. See **YELLOW PAGES:** "Credit and Debt Counseling Services."

Further Help:

www.debtorsanonymous.org/
www.betterbudgeting.com

See GOOGLE:

Debt Free – Debt Management - Debt Consolidation.

“If a man has twenty pounds a year for his income,
and spent nineteen pounds nineteen shillings and sixpence, he would be happy,
but that if he spent twenty pounds one
he would be miserable.”

Advice given by Mr. McCawber
from King’s Bench Prison for Debtors
The Borough, South London

David Copperfield
by Charles Dickens 1850
Modern Library, New York
p.175